

## SUSMILE Capsule 2.2.4 Source 1

### Answers

Please note that below answers have been simplified for teachers to evaluate the quality of answers according to their level of understanding, the perspective taken in reading the documents and eventually the quality of their arguments to compensate for elements missing.

#### Case study n°1

#### EQF level 4

1. What are the four pillars of the “Cost to Serve” calculation method?
  - Storing, picking and packing operations
  - Delivery running costs
  - Returns management costs
  - Customer support
2. Why is last mile delivery expensive?
  - Lower average speeds = unoptimized rate of distance per fuel consumed
  - More stops = more idling and downtime
  - Failed deliveries is possible, especially for B2C models
  - Complex routes = more out-of-route distances
  - Returns, refund and discounts management, related to consumer protection laws
3. Why are drivers the most important part of the last mile delivery process?

Experienced and skilled driver will make an important difference in the delivery process:

  - Stick to the route plan, find efficient alternatives
  - Keep delivery stops to a minimum
  - Communicate instantly when facing challenges
  - (extra) Manage final customer and represent the enterprise’s brand image

#### EQF level 5

1. What are the three aspects to focus on in order to optimise CEP last mile operations according to this source (Accenture)?
  - *Fit-for-purpose network design* that balances costs and requirements based on customer segmentation
  - *Rigorous cost management* that requires full visibility of all relevant supply chain cost components to enable:
    - Assortment optimization.
    - Review service levels.
    - Identification of cost improvement actions.



- *Strict control and monitoring* of third-party performance, supported by enabling technology, as the number of partners is increasing, and companies need to shift to an orchestrator role for their fulfilment function.
2. Why does route optimisation help reducing last mile operating costs?
    - A routing application can inform customers in real time hence reduces the risks of failed delivery
    - Automated notifications also reduce customer support costs
    - Route planning can prevent traffic congestions, anticipate delivery windows, driver schedules, etc.
    - Automated and GPS-calibrated routing can reroute and reschedule more rapidly the necessary changes to consider along the delivery operations
    - Automated calculation systems can facilitate the integration of fluctuations in any business operations, reducing the time to adjust or review the organisation, as well as staffing costs, stock management, etc.
  3. What is needed upstream of any investment in new technology to really improve last mile delivery operations?
    - Determining the right metrics and indicators
    - Standardising and automating as much as possible the practices in place
    - Determining the right planning method

## EQF level 6

1. Why are essential KPIs important to determine with partners?
  - They encourage the sharing of data among partners
  - They provide determining information to improve operations at different stages of the supply chain
  - They ensure the same understanding and projection of activity and shall reduce overall supply costs
  - They provide transparency on the volumetry of operations and support costs (e.g. customer service management)
  - They provide data for better customer behaviors knowledge
  - They provide data for accurate repartition of responsibility depending on the problems reported along the supply route

*NB: this question invites students to think through all the potential benefits of mutually designed indicators, but an alternative formulation could focus on the operational benefits of each indicator to the last mile transport actor.*

NB: no specific EQF level 6 question on source n°3.

2. What is the main line of thinking behind the majority of the suggested areas of optimisation for last mile delivery operations?



- Customer service is the most important target of CEP operators as to reduce a lot of operating costs by better knowing their habits, expectations and satisfy their requests in one shot. It will impact significantly the organisation, the use of technologies, the number and frequency of delivery rounds, etc.

## Case study n°2

### EQF level 4

1. What is the concept suggested by the study to support last mile delivery operations?
  - Setting up an urban “parcel shop”
2. Which of the concepts mentioned in capsule 2.2.3 does this type of proposal make you think of?
  - Urban Consolidation Center

### EQF level 5

1. Who is the ultimate actor in charge of delivering the parcels to final customers in this model?
  - Final customers themselves
2. What operations have been optimised thanks to such proposition?
  - The number of delivery rounds by multiple actors in a specific neighbourhood
  - The risk of failed deliveries and extra-delivery costs

### EQF level 6

1. What is the particularity of ISO 26000 label compared to other ISO certifications?
  - It is not a certification as it does not contain requirements
  - It is a document meant to encourage enterprises to go beyond legal compliance and consider societal, environmental, legal, cultural, political and organisational diversity
2. What are the advantages of a “Parcel shop” compared to home delivery services for a final customer?
  - No obligations for a delivery window appointment and free customer movements
  - I can facilitate multiple deliveries from various sellers or logistics operators
  - In case of unavailability, it is a secured delivery process that takes care of the products
  - Can be mixed with other services (i.e.: fast-moving consumer goods - FMCG)